



*Tonga*

**RETIREMENT FUND  
(ADMINISTRATION)  
REGULATIONS 1999**

**GS 3B of 1999**





## RETIREMENT FUND (ADMINISTRATION) REGULATIONS 1999

### Arrangement of Regulations

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# RETIREMENT FUND (ADMINISTRATION) REGULATIONS 1999

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## RETIREMENT FUND ACT 1998

[15th June 1999]

**IN EXERCISE** of the powers conferred on him by Section 12 of the Retirement Fund Act 1998, His Majesty with the consent of the Privy Council makes the following regulations:

### 1 CITATION

These Regulations may be cited as the Retirement Fund (Administration) Regulations 1999.

### 2 DEFINITIONS

In these Regulations unless the contrary intention appears:

“**Act**” means the Retirement Fund Act 1998.

“**Benefit**” means any amount paid or payable (as the case requires) by the Fund Board out of the Fund under these Regulations to or in respect of a Member.

“**Chief Executive Officer**” means the Chief Executive Officer defined in the Retirement Fund Board Act 1998.

“**Employer**” means the Government of Tonga.

“**Employer Account**” means the account in the Fund established for a Member and maintained in accordance with regulations 4(5) and 8, together with interest at the Fund Earning Rate.

“**Fund Earning Rate**” is the rate the Fund Board declares as at a Review Date having regard to the actual net investment return on the Fund’s investments.

“**Insurer**” means a person appointed by the Fund Board from time to time to provide life insurance for Members.

“**Member Basic Account**” means the account in the Fund established for a Member and maintained in accordance with regulation 4(1) together with interest at the Fund Earning Rate.

“**Member Voluntary Account**” means the account in the Fund established for a Member and maintained in accordance with regulation 4(2) together with interest at the Fund Earning Rate.

“**Retirement Age**” means the age of 60 years or another age, not less than the age of 50 years, which the Fund Board determines, as being the Retirement Age.

“**Review Date**” means 1 January or 1 July.

“**Salary**” means a Member’s remuneration as a public officer or such other amount as may be agreed between the Employer and the Member.

“**Service**” means continuous service with the Employer.

“**Spouse**” in relation to a male Member means his wife and in relation to a female Member means her husband.

“**Total and Permanent Disablement**” means a Member must:

- (i) have been continuously absent from active employment due to illness or injury for a period of at least 3 months prior to the Retirement Age such lesser period, if any, as may be specified by the Fund Board; and
- (ii) in the opinion of the Fund Board, be incapacitated to such an extent that it is unlikely that the Member will ever engage in any gainful work for which the Member is for the time being reasonably qualified by education, training or experience.

“**Transfer Cashable Account**” means the account in the Fund established for a Member and maintained in accordance with Regulation 9, together with interest at the Fund Earning Rate.

“**Transfer Preserved Account**” means the account in the Fund established for a Member and maintained in accordance with Regulation 9, together with interest at the Fund Earning Rate.

### **3 ELIGIBILITY - MEMBERSHIP**

- (1) A public officer is eligible for membership of the Fund if:
  - (a) the officer is the holder of a pensionable office under the Pensions Act as at 30 June 1999; or
  - (b) the officer becomes a holder of an established post in the Civil Service on or after 1 July 1999.
- (2) A public officer who is eligible for membership of the Fund is admitted as a Member of the Fund:
  - (a) on receipt by the Chief Executive Officer of a written application in such form as is approved by the Chief Executive Officer from time to time; or
  - (b) on receipt by the Chief Executive Officer of an election in writing under the Pensions Act; or
  - (c) if the officer at 30 June 1999 was aged less than 50 years or who had less than 15 years Service.

### **4 CONTRIBUTIONS**

#### **By Member**

- (1) A Member must contribute to the Fund five per cent of the Member's annual Salary applicable at the July Review Date.
- (2) A Member may contribute amounts additional to those payable under sub-regulation 4(1) at such rate and times as the Member determines and advises the Chief Executive Officer.
- (3) Member contributions in accordance with sub-regulation 4(1) must be deducted from Salary and remitted by the Employer to the Fund.
- (4) Member contributions in accordance with sub-regulation 4(2) may be
  - (a) deducted from salary and remitted by the Employer to the Fund; or
  - (b) paid direct to the Fund by the Member.

#### **By Employer**

- (5) The Employer shall contribute to the Fund for each Member a percentage of the member's annual Salary, applicable at the July Review Date, according to the following scale:
  - (a) from 1 July 1999 to 30 June 2004-five percent;

- (b) from 1 July 2004 to 30 June 2009—seven and one half percent; and
- (c) from 1 July 2009—ten percent.

### **Contributions Cease**

- (6) Member contributions under sub-regulation 4(1) and Employer contributions under sub-regulation 4(5) cease when the Member ceases Service.

### **Contributions Suspended**

- (7) Contributions are not payable while a Member is absent on leave without salary, such leave being granted on account of sickness, injury, maternity or paternity leave, full-time study, or such other leave as the Fund Board may generally or in particular circumstances approve.

### **Contributions Rounded**

- (8) Contributions are rounded to the nearest cent.

## **5 LEAVING SERVICE BENEFIT**

### **Entitlement**

- (1) A Member is entitled to the Leaving Service Benefit if the Member ceases Service other than on death or because of Total and Permanent Disablement.

### **Amount of the Leaving Service Benefit**

- (2) The Leaving Service Benefit is an amount equal to the sum of the balances of:
  - (a) the Member Basic Account;
  - (b) the Member Voluntary Account;
  - (c) subject to sub-regulation 5(3), the Employer Account;
  - (d) the Transfer Preserved Account; and
  - (e) the Transfer Cashable Accountat the date the Member ceases Service.

### **Vesting of Employer Account**

- (3)
  - (a) If the Member has not completed three years' Service the Member is not entitled to the balance of the Employer Account.
  - (b) If the Member has completed three or more years' Service the full balance of the Employer Account is included in the Leaving Service Benefit.



- (c) If the Member is dismissed from Service no part of the balance of the Employer Account will be included in the Leaving Service Benefit.
- (d) Service completed by a Member prior to 1 July 1999 for the purposes of the Pensions Act (Cap, 8), and all Service as a daily paid worker count for the purposes of sub-regulation 5(3)(a).
- (e) The Fund Board will apply the balances of all Employer Accounts which are forgone by members under sub-regulations 5(3)(a) and 5(3)(e) to offset Administration Fees or Insurance Premiums which would otherwise be deducted from members' accounts under regulation 8.

### **Preservation**

- (4)
  - (a) The Leaving Service Benefit has a preserved portion which is not payable to the Member until the Member reaches the Retirement Age or until such other time as provided for in these Regulations.
  - (b) The preserved portion is equal to the sum of the balances of:
    - (i) the Member Basic Account;
    - (ii) the Employer Account; and
    - (iii) the Transfer Preserved Account.
  - (c) The Fund Board will accumulate the preserved portion at the Fund Earning Rate until paid to the Member.

### **Members who Transferred on 1 July 1999**

- (5)
  - (a) The Fund Board will pay the preserved portion of the Leaving Service Benefit to Members' who transferred to the Fund on 1 July 1999 when they reach the age specified in Table 1.
  - (b) The age specified in the second column of Table I for payment of the preserved portion is that corresponding to attained age or completed years of service, whichever gives the lower age for preservation.
  - (c) The Fund Board will also apply this sub-regulation 5(5) in the case of a Member who was formerly in the Service of the Employer as a daily paid worker and who was in Service as a daily paid worker on 1 July 1999 and for that reason did not transfer to the fund and become a Member on that date.

<b>Attained age/completed service at 30 June 1999</b>	<b>Age for payment of the preserved portion</b>
age 50 and over or at least 20 years' service	50
age 49 or 19 years' service	51
age 48 or 18 years' service	52
age 47 or 17 years' service	53
age 46 or 16 years' service	54
age 45 or 15 years' service	55
age 44 or 14 years' service	56
age 43 or 13 years' service	57
age 42 or 12 years' service	58
age 41 or 11 years' service	59
age 40 or less and less than 11 years' service	60

**Table 1****Police Officers**

(6)

- (a) The Fund Board will pay the preserved portion to a member who is a police officer immediately upon compulsory retirement.
- (b) If a Member who is a police officer ceases Service before compulsory retirement then the Fund Board will pay the preserved portion to the Member
  - (i) age 55; or
  - (ii) if sub-regulation (5) applies to the Member then at the age specified in sub-regulation (5);

whichever is lower.

**Early Release**

- (7) When a Member so requests in writing; the Fund may release all or part of the preserved portion of the Member's Leaving Service Benefit if the Chief Executive Officer is satisfied that:
  - (a) the Member has ceased Service due to redundancy; or
  - (b) the member has ceased Service on medical grounds and that the medical grounds are confirmed by a report by the Director of Health; or

- (c) according to the practice anti procedures set by the Fund Board. from time to time the Member is in circumstances of hardship which would be alleviated by the early release of the preserved portion.

#### **Transfer Cashable Account and member Voluntary Account**

- (8) The Transfer Cashable Account and the Member Voluntary Account are not preserved and the Fund Board will pay the balances of these accounts to the Member on request after ceasing Service.

#### **Benefit Payment**

- (9) The Leaving Service Benefit is paid as a lump sum.

## **6 DEATH BENEFIT**

### **Entitlement**

- (1) If a Member dies the Fund Board will pay the Death Benefit.

### **Amount of the Death Benefit**

- (2) The Death Benefit is an amount equal to the sum of the balances of:
- (a)
- (i) the Member Basic Account;
  - (ii) the Member Voluntary Account;
  - (iii) the Employer Account;
  - (iv) the Transfer Preserved Account; and
  - (v) the Transfer Cashable Account at the Member's date of death; and
- (b) the Insurance.

### **The Insurance**

- (3)
- (a) The Insurance is an amount equal to the Member's Salary at the July Review Date on, or immediately before, the Member's date of death.
- (b) The Insurance is not payable if:
- (i) the Member had ceased Service at the date of death;
  - (ii) the Member had attained the Retirement Age at the date of death;
  - (iii) the Insurer has refused cover for the Member; or

- (iv) death was due to an event for which the Insurer had excluded liability.

### **Benefit Payment**

(4)

- (a) The Death Benefit is paid as a lump sum.
- (b) The Fund Board will pay the Death Benefit to the Spouse of the Member at the time of the Member's death, or if the Member had no Spouse at the time of death then to the Member's surviving legitimate children in equal portions, or if there are no surviving legitimate children at the time of death then to the Member's legal personal representative.

## **7 TOTAL AND PERMANENT DISABLEMENT BENEFIT**

### **Entitlement**

- (1) If a Member ceases Service because of Total and Permanent Disablement the Fund Board will pay the Total and Permanent Disablement Benefit to the Member.

### **Amount of the Total and Permanent Disablement Benefit**

- (2) The Total and Permanent Disablement Benefit is an amount equal to the sum of the balances of:
  - (a) the Member Basic Account;
  - (b) the Member Voluntary Account;
  - (c) the Employer Account;
  - (e) the Transfer Preserved Account; and
  - (f) the Transfer Cashable Account.

### **Benefit Payment**

(3)

- (a) The Total and Permanent Disablement Benefit is paid as a lump sum.
- (b) The Total Permanent Disablement Benefit has no preserved portion and; the Fund Board will pay the whole benefit to the Member at the date the member is accepted as being Totally and Permanently Disabled by the Fund Board.

## **8 FEES AND INSURANCE PREMIUMS**

- (1) The Chief Executive Officer incur costs in the administration of the Fund and the Fund Board will recoup these costs by deducting an Administration Fee from each Member's Employer Account.
- (2) The Administration Fee in respect of a Member is-calculated, by dividing the total costs to be recouped by the number of Members in Service plus half of the number of Members who have left Service but who are still entitled to the preserved portion of their Leaving Service Benefit.
- (3) The Fund Board will deduct from the Employer Account Insurance premiums as calculated for each Member, net of any rebates, which are paid to the Insurer.

## **9 TRANSFER OF BENEFIT ENTITLEMENTS TO THE FUND**

- (1) If a Member so requests in writing, the Fund Board may accept a transfer of assets from another fund, or like arrangement for the provision of retirement benefits, in respect of the Member's entitlement in that other fund.
- (2) In the case of a Member who was formerly in the Service of the Employer as a daily paid worker the Fund Board may accept a transfer amount determined by the Employer at the time the Member first becomes eligible having regard to one quarter of the period of the Member's Service as a daily worker:
- (3) The Member must in such a request provide evidence from the transferring fund as to what part of the Member's entitlement is preserved and what part is non-preserved, and the Fund Board may rely on such details as are supplied by the Member.
- (4) The Fund Board will establish a Transfer Preserved Account for a Member's preserved entitlement which will be subject to the provisions of sub-regulation 5(4).
- (5) The Fund Board will establish a Transfer Cashable Account for a Member's non-preserved entitlement. ,

## **10 INVESTMENTS**

The Fund Board may invest all or part of the money and other assets of the Fund in any manner in which it could if it were personally entitled as beneficial owner of those assets.

**11 INTERIM FUND EARNING RATE**

- (1) The Fund Board may from time to time declare an interim fund earning rate to be applied to the accounts of a member entitled to a Benefit payment for the period since the last Fund Earning Rate was declared by the Fund Board.
- (2) Interest at the interim fund earning rate is calculated to the date of payment of a Benefit.

Made this 11th day of June 1999.

Clerk  
Privy Council